

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1743 - HB 1769**

February 26, 2016

**SUMMARY OF BILL:** Requires the Tennessee Wildlife Resources Agency (TWRA), or a lessee of TWRA real property, to enter into a written agreement with the legislative body of each applicable taxing jurisdiction of TWRA owned property, to make payments in lieu of ad valorem taxes (PILOT) in an amount equal to the ad valorem taxes that were or would have been payable on the real property for the tax year prior to the year the property was purchased or otherwise acquired by TWRA.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$500,000/Tennessee Wildlife Resources Agency**

**Increase Local Revenue - \$500,000**

Assumptions:

- According to TWRA, the agency owns approximately 425,000 acres of land in Tennessee.
- Of the 425,000 acres owned by TWRA, 200,000 acres will be impacted by this legislation since the TWRA currently pays PILOT on 225,000 acres owned by TWRA.
- Based on information from TWRA, under the proposed legislation, TWRA will be required to pay PILOT on all land owned by TWRA.
- Based on information from TWRA, the average appraised value of land that TWRA owns that was not purchased using monies from the Wetlands Fund is estimated to be \$500 per acre; thus, the aggregate value of current land not purchased with monies from the Wetlands Fund is estimated to be \$100,000,000 (200,000 acres x \$500).
- Assuming an estimated average assessment rate of 25 percent on the appraised value of land pursuant to Article II, Section 28 of the Tennessee Constitution, and an average property tax rate of \$2 per \$100 of assessed property value; it is estimated that under the proposed legislation, TWRA will remit \$500,000  $\{[(\$100,000,000 \times 0.25) / \$100] \times \$2\}$  to local government entities each year.
- The recurring increase in state expenditures to TWRA as a result of additional PILOT payments is estimated to be \$500,000 and the recurring increase in local government revenue from additional TWRA PILOT payments is estimated to be \$500,000.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj